

AGREEMENT

This agreement is made as of the 13th day of December, 1990, by and between Philip Morris Incorporated, with executive offices located at 120 Park Avenue, New York, New York 10017 ("PM USA") and Cato Desgrippes Beauchamp Gobe, Incorporated, doing business as Cato Gobe & Associates, 411 Lafayette Street, New York, New York 10003 ("Cato Gobe") pursuant to which Cato Gobe will render services, which will include the following, for PM USA under the terms and conditions stated.

1. Services

Cato Gobe will develop ten ideas through design and promotion which will enhance the purchase of a full value cigarette brand.

Initial concept boards will be presented with attention given to product benefit, added incentives and image enhancement. All solutions are to focus on needs specific to today's smoker and the current, changing smoking culture.

Cato Gobe will be available to meet at reasonable times with PM USA representatives at PM USA headquarters in New York or other locations designated by PM USA. Cato Gobe will perform in a professional manner throughout the term of the agreement.

2. Payment

In full and complete consideration for the services rendered by Cato Gobe throughout the term of the Agreement, including expenses, PM USA will pay Cato Gobe \$25,000. PM USA will pay Cato Gobe \$12,500 within ten days of the first

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presentation and \$12,500 upon Cato Gobe's complete performance to the reasonable satisfaction of PM USA

3. Term and Termination

The term of the Agreement will commence as of the date of the Agreement and continue until the satisfactory performance of all services described in paragraph 1 and the rendering of a final accounting by Cato Gobe. Either party may terminate the Agreement, with or without cause, on thirty days advance written notice to the other party. If PM USA terminates the Agreement, PM USA will have no liability or payment obligation to Cato Gobe after the effective date of the notice of termination, with the exception of payment obligations incurred prior to termination.

4. Records

Cato Gobe, its employees and agents will maintain detailed and accurate books and records of account with respect to activities undertaken on behalf of PM USA. Records of disbursements must indicate the check number, dollar amount, identity of the payee and reason for the expenditure. Cato Gobe will provide periodic reports as and when requested by PM USA and a final accounting within 30 days of completion of all services. The final accounting must include an itemization of all expenses incurred and must be certified by an appropriate corporate officer of Cato Gobe. At the request of PM USA, PM USA or its designated agent may inspect, review and copy Cato Gobe's books and records at reasonable times during normal business hours upon

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reasonable, advance notice to Cato Gobe and at the expense of PM USA.

All material prepared or developed by Cato Gobe in connection with the Agreement will become the property of PM USA and Cato Gobe hereby agrees to assign to PM USA any and all rights to copyright the material. Cato Gobe will require that all employees, consultants and subcontractors performing creative services in connection with the Agreement agree to assign the materials they produce to PM USA and to acknowledge, in writing, that their copyrightable contributions are work made for hire owned by PM USA. Cato Gobe will obtain all releases necessary to the proper performance of the Agreement.

5. Confidentiality

Cato Gobe, its employees and agents will hold strictly confidential the existence and terms of this agreement and all information and materials provided by PM USA to Cato Gobe or created by Cato Gobe in performing the Agreement. The information and material will remain the property of PM USA. Cato Gobe will not use or disclose the existence and terms of the agreement or the information and materials to third parties without the written consent of an authorized representative of PM USA. Upon termination or expiration of the Agreement, or within thirty days thereafter, Cato Gobe will return all materials to PM USA. Cato Gobe's obligation to maintain the confidentiality of the agreement and all information obtained from PM USA will survive the termination of the Agreement.

6. Indemnity

Cato Gobe indemnifies and holds harmless PM USA, its affiliates and their officers, employees, directors and agents from all claims, liabilities, costs and expenses, including reasonable attorneys' fees, that arise from, or may be attributable to errors, omissions or fault of Cato Gobe, and which are not caused by PM USA. Cato Gobe's obligation to indemnify and hold harmless will survive the termination of the Agreement.

PM USA is responsible for the accuracy, completeness and propriety of information that it provides to Cato Gobe concerning PM USA and its products. PM USA will indemnify and hold harmless Cato Gobe for all claims, liabilities, costs and expenses, including reasonable attorneys' fees, that arise from, or may be attributable to errors, omissions or fault of PM USA in providing information to Cato Gobe.

7. Insurance

Within ten days of execution of the Agreement, Cato Gobe will deliver to PM USA certificates of insurance evidencing coverage for (1) comprehensive general liability, including advertiser and contractual liability, with limits of no less than 3 Million Dollars combined single limit for personal injury and property damage; (2) statutory worker's compensation coverage meeting all state and local requirements; and, (3) employer's liability with limits of no less than 500,000 dollars. The insurance certificates required by subparagraph (1) must name

Philip Morris Incorporated ("Philip Morris"), its affiliates, employees and assigns as additional insureds and must state that Philip Morris will be provided at least thirty days advance, written notice of a cancellation or modification of the insurance. The insurance must be primary coverage without right of contribution from any other Philip Morris insurance. Insurance maintained by Philip Morris is for the exclusive benefit of Philip Morris and will not inure to the benefit of Cato Gobe.

8. Independent Contractor

Cato Gobe is an independent contractor and the Agreement shall not be construed to create an association, partnership, joint venture, relation of principal and agent or employer and employee between PM USA and Cato Gobe or its agents within the meaning of any federal, state or local law. Cato Gobe will not enter into any agreement, oral or written, on behalf of PM USA or otherwise obligate PM USA without PM USA's advance written approval.

9. Exclusivity

During the term of the Agreement, and for six months thereafter, Cato Gobe will not, without the prior consent of PM USA, engage in creative consulting or similar activities for any company or entity whose business competes with any tobacco product of PM USA, or the interests of which are adverse to those of PM USA.

10. Miscellaneous

(a) The Agreement and all matters collateral hereto, shall be governed by the laws of the State of New York applicable to agreements made and to be performed entirely within the State of New York.

(b) Cato Gobe must comply with all applicable laws, regulations, and ordinances relating to its performance of the agreement. Cato Gobe acknowledges that it is cognizant of the provisions of Title 15, Section 1331, et seq. of the United States Code.

(c) This Agreement is the complete agreement between the parties and supersedes any prior oral or written agreement concerning the subject matter.

(d) If any provision of the Agreement is held invalid or unenforceable, the remaining provisions will remain in effect.

(e) The Agreement may not be amended or assigned except in a writing signed by both parties. If an assignment occurs, the assignment will not relieve the assigning party of its liabilities and obligations under the Agreement. The Agreement is binding upon successors and assignees of the parties. A waiver by either party of any of the terms and conditions of the Agreement in one or more instances will not constitute a permanent waiver of the terms and conditions.

(f) Notices provided shall be in writing and sent by certified mail, return receipt requested. Notices to Cato Gobe will be sent to 411 Lafayette Street, New York, New York 10003,

Attention: Mr. J. Mac Cato. Notices to PM USA will be sent to
Philip Morris USA, 120 Park Avenue, New York, New York 10017,
Attention: Elizabeth Butson, Vice President, New Products.

Signed this ____ day of ____, 1990.

CATO GOBE & ASSOCIATES

By: 

Date: 12.13.90

Taxpayer ID# _____

Filing Status: _____

PHILIP MORRIS INCORPORATED

By: 

Date: Dec 14 '90